



Public Schools of North Carolina
State Board of Education
Department of Public Instruction

Report to the Joint Legislative Education Oversight Committee

Report on Implementation of Alternative Teacher Salary Plans

SL 2007 – 453 HB 966

Date Due: June 30, 2010

Report #

DPI Chronological Schedule, 2009-2010

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**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007
SESSION LAW 2007-453
HOUSE BILL 966**

AN ACT DIRECTING THE STATE BOARD OF EDUCATION TO ESTABLISH A PILOT PROGRAM AUTHORIZING THE IMPLEMENTATION OF ALTERNATIVE TEACHER SALARY PLANS.

The General Assembly of North Carolina enacts:

SECTION 1. The State Board of Education shall establish a pilot program authorizing the implementation of alternative teacher salary plans. The purpose of the pilot program is to enable local school administrative units to develop and implement new and innovative teacher salary plans that will improve student performance by financially rewarding teachers through performance pay plans, recruiting teachers to the school unit, and recruiting teachers to hard-to-fill positions in specific subject areas. The State Board of Education may select up to five local school administrative units to participate in the pilot program.

SECTION 2. Local school administrative units applying to participate in the pilot program shall submit to the State Board of Education a business plan adopted by the local board of education. The business plan shall: (1) Explain in detail how additional flexibility regarding the use of salary funds will be used to accomplish specific improvements in student academic performance; (2) Describe the alternative methods to be used, the changes to existing practices proposed for the pilot, the incentives or alternative salary structure to be deployed, the expectations for teachers and other employees who participate in the pilot, the anticipated results, and the methods by which teachers and other employees will be evaluated; (3) Set out the laws, rules, and policies that must be waived to implement the business plan and the expected outcomes of waiving them; (4) Explain how the plan will be administered in a nondiscriminatory manner to assure fair and equitable treatment of all employees and employee groups participating in the pilot; (5) Include specific implementation, time line, management, performance, and reporting benchmarks; (6) Include statements of how teachers and other stakeholders were included in the development of the plan; and (7) Include a statement of how all teachers who will be directly participating in the plan conducted a verifiable secret ballot vote, a statement that the results of the vote were presented to the planning team and local board of education prior to the local board's consideration of the final plan, and a statement that the majority of teachers in the schools participating in the plan and the school administration team have agreed on the design of the plan.

SECTION 3. The State Board of Education may grant waivers of laws, rules, and policies to pilot units that are necessary to implement the business plans submitted by the pilot units.

SECTION 4. The Department of Public Instruction shall notify all school districts of the availability of the pilot projects and the time lines for submission of the Page 2 Session Law 2007-453 SL2007-0453 business plans. The Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee as to the number of districts that have submitted business plans, the types of waivers being requested, and the status of the selection process.

SECTION 5. The Financial Services Section of the Department of Public Instruction shall monitor the implementation of the business plans by the pilot units and shall report its findings regularly to the State Board of Education and the Joint Legislative Education Oversight Committee.

SECTION 6. The Department of Public Instruction and the State Board of Education shall report to the Joint Legislative Education Oversight Committee by June 30, 2010, regarding the effectiveness and performance of all pilots implemented under this act. The report shall include any recommendations regarding the continuation, modification, or elimination of the pilot program.

SECTION 7. This act is effective when it becomes law. In the General Assembly read three times and ratified this the 1st day of August, 2007.

s/ Beverly E. Perdue
President of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 8:34 p.m. this 27th day of August, 2007

Pilot Program of Alternative Teacher Salary Plans

In the 2007 Legislative session, House Bill 966 was passed directing the State Board of Education (SBE) to establish a pilot program of alternative teacher salary plans.

The purpose of this program was to enable local education agencies (LEA) to develop and implement new and innovative teacher salary plans that will improve student performance by financially rewarding teachers through performance pay plans, recruiting teachers to the school unit, and recruiting teachers to hard-to-fill positions in specific subject areas.

Initial Timeline

In September 2007, the Department of Public Instruction notified all local education agencies of the pilot program and communicated the following timeline:

- A letter of intent must be received by November 30th, 2007
- Application with a business plan, including all items as outlined in law, must be received by March 31st, 2008
- The plans will be presented for discussion to the State Board of Education in May 2008
- The plans will be presented for approval to the State Board of Education in June 2008
- Implementation will be effective July 1, 2008

Letter of Intent

The Department of Public Instruction received a letter of intent from one LEA. Charlotte Mecklenburg Schools (CMS) submitted a letter of intent and requested that the time line be modified to enable them enough time to talk with all stakeholders and to prepare a comprehensive plan.

Revised Timeline

Per this request, the State Board of Education moved the time line one year back:

- Applications with Business Plans must be received by December 31st 2008
- All applications will be presented to the State Board of Education for discussion in May 2009
- All applications will be presented to the State Board of Education for approval in June 2009
- Implementation will be effective July 1, 2009

Following are the documents outlining the plan and the stage of implementation in Charlotte Mecklenburg Schools

Attachment 1. Pay for Performance Initiative – Charlotte-Mecklenburg Schools

Attachment 2. Status of Pay for Performance Initiative- Charlotte-Mecklenburg Schools

PAY FOR PERFORMANCE INITIATIVE Charlotte-Mecklenburg Schools

Rationale

1. Every child deserves a highly effective teacher.

- Providing each child an effective teacher is the most important thing we can do to help our students learn. It matters more than programs, curricula or even class sizes. This is not new.
- This is new: we know that, as in every other profession you can think of, there can be a large gap between being highly qualified and being highly effective. Almost everyone knows someone who comes into a job without the advanced degrees, without lots of experience, and stuns us all with their effectiveness. Teaching is no different.
- We know from a recent Harvard study of many CMS teachers that our highly effective teachers come in all shapes and sizes. Some have years of experience. Some are in their second year of teaching. Some have masters; others a BA. Some are National Board certified. Others are not. In fact, our highly effective teachers are so diverse in their backgrounds that we can't identify them with any of the signs we've used in the past—not their experience, not their degrees.
- This is true in CMS, and true of the country as a whole. One peer-reviewed study concluded that about 97% of the difference in effectiveness among teachers can NOT be traced to qualifications like experience and degrees (Goldhaber).

2. Paying for Performance will Increase the Number of Highly Effective Teachers at CMS

- It will make it more likely that our highly effective teachers can provide for their families, send their children to college, and make Charlotte their home. They will be more likely to stay awhile.
- It will encourage those who know that they can be effective teachers but are worried about their financial security to teach in our schools. Someone entering teaching from another profession, or considering what profession to pursue following college, won't face the prospect that it will take 30 years to earn a \$70,000 income, even with effective performance.
- It will encourage those who have tried teaching and found it to not be the right fit to try something else. Teaching is part art and part science. Sometimes the public disrespects teachers by assuming that anyone can teach. We all know nothing could be further from the truth. Teaching is a highly refined skill. It is a discipline. Not everyone has the gifts necessary to help students learn. But if we pay everyone equally, regardless of their effectiveness, we send the wrong message to our ineffective teachers and to our kids—excellence does not matter.
- Pay for performance will increase the equity of teacher compensation. Teachers will get paid for their performance. They will be free to improve their performance in ways that

will work best for each one. If an individual teacher does get better at raising test scores between her 20th and 21st years of teaching, then she will earn more because she has improved her teaching. If another teacher improves because of a good professional development program, then that teacher will also be rewarded. If another teacher gets nationally board certified and her teaching improves, then that teacher, too, will be rewarded. Results are what matter.

If looked at this way, no one loses. Teachers with experience that has shown them how to raise test scores more effectively will get paid more than those who do not. If a teacher's experience does not lead to increased test scores for her students, then the teacher won't earn more. Teachers whose advanced degrees increase their effectiveness will be paid more.

The Vision for 2014

Launched in November 2009, *Strategic Plan 2014: Teaching Our Way to the Top* sets two major goals for CMS: improving teaching and managing performance. We want the most effective teachers in our classrooms because great teaching will benefit every student in a classroom.

The 2014 plan seeks to establish new benchmarks in measuring teacher performance, and linking pay to performance. For our teachers, we will no longer measure effectiveness by credentials or years of experience. Instead, we will monitor year-over-year student academic progress in a variety of ways as the best indicator of effective teaching and leadership. We also will look at how our compensation system is structured.

This emphasis on effectiveness in the 2014 plan starts in the classroom but it doesn't end there. It is intended to usher in a profound, far-reaching cultural change for every one of our 176 schools, 19,000 employees and seven learning communities. We want *every* employee to understand that his or her work affects the district's overall performance. We will measure every employee's work, using measurement tools that can help employees improve. We will provide standards to meet and we will evaluate every employee's progress toward those standards. And we will link compensation to employee performance. This change will begin with the superintendent and run the length and breadth of CMS to recognize the importance of individual excellence in institutional effectiveness. Truly great organizations are built on outstanding work by every participant. Public education has embraced the importance of measuring student progress in order to improve it. Now it is time to extend performance-measurement standards to everyone in education, not just students. Improving teaching and managing performance are the twin pillars of this plan.

We have set six areas of specific focus that will help us improve teaching and manage performance. Those areas of focus are: Effective Teaching and Leadership, Performance Management, Increasing the Graduation Rate, Teaching and Learning Through Technology, Environmental Stewardship and Parent and Community Connections.

There are five key strategies in this plan that support our Pay for Performance efforts.

- Define It: Clearly define and measure teacher effectiveness
- Hire it: Base teacher recruitment on effectiveness
- Develop it: Provide access to training

- Manage it: Provide readily available, accurate and timely data
- Pay for it: Revise compensation structure to reflect a focus on performance

Guiding Principles

The work of designing a pay for performance system that will help students learn and treat employees fairly will be hard and rewarding work. Five principles will guide our process of designing the system:

- We want to work with our employees to create this system of pay for performance.
- We want to approach this work in a thoughtful, deliberate way.
- We want to be truthful and transparent about our discussions.
- We want to communicate clearly and regularly about our work.
- We are going to be creative, resisting the easy lure of false choices:
 - a. We believe teachers can be both highly effective at raising test scores *and* highly effective in nurturing their students.
 - b. We believe that teachers can receive compensation for their individual performance *and* work as teams. After all, we have that expectation for our students.

Status and Progress

We have begun the process.

Timeline:

Nov., 2009	Dr. Gorman unveils the Strategic Plan 2014.
Jan. 25, 2010	Bill Slotnick of the Community Training Assistance Center (CTAC) presents to Board of Education on best practices in pay for performance.
Feb. 8	Dr. Patrick Scheurmann of the Center for Education Compensation Reform presents to working group of teachers, principals, and central office staff on the key issues to think through in implementing pay for performance. CMS staff read case studies of other districts and an implementation checklist of major decisions we will need to make.
Feb. 15	Dr. Gorman sends first of series of emails to all employees updating them on our progress in planning for pay for performance.
Feb. 16	Sarah Cohodes of Harvard's Center for Education Policy Research presents findings to CMS principals from the most comprehensive study of CMS teachers in recent memory.
Feb. 23-24	Dr. Jon Fullerton joins Sarah Cohodes in presenting the same report provided principals to these audiences: groups of external stakeholders (e.g., Charlotte Chamber, deans of local colleges); the CMS Board of Education; and the public at large through our weekly media briefing.
Feb. 26	Web page devoted to pay for performance goes live on CMS site. Page will include links to studies on pay for performance, case studies from other districts, a running list of questions raised by employees and responses from the design teams, calendars of meetings for focus groups, design work, etc.

Researchers and Experts in the Field

We've learned a great deal from some of our key research partners.

Dr. John Fullerton and Sarah Cohodes, Center of Policy and Research, Harvard University

These are key takeaways from research conducted on teachers in CMS:

Recruitment

- Low-performing schools have the most late hires. Late hires generally are less effective than standard hires throughout their careers.
- By the 5th year of teaching no difference in effectiveness among different certification paths.
- There is a wide disparity in the effectiveness of teachers from different undergraduate institutions.

Placement

- Novice teachers are more likely to be in high poverty schools.
- Novice teachers are more likely to have our lowest-performing students.

Development

- No link between advanced degrees and teacher effectiveness.
- Effectiveness does not seem to increase with experience after the third year of teaching.
- On average, novice teachers perform worse than others.
- The difference in effectiveness between a top 25% math teacher and a bottom 25% math teacher is 10x as large as the gap between a NBCT-certified math teacher and one who is not.

Evaluation

- Teachers' evaluations and student achievement gains are not always correlated.

Retention

- About 2/3 of teachers are not in the same school after 5 years. Of these, 1/2 have left teaching.
- We do not seem to be losing our most effective teachers.
- Teachers who transfer tend to go to higher-performing, lower-poverty schools.

Bill Slotnick, the Community Training Assistance Center (CTAC)

Six Cornerstones of an effective Performance Based Compensation system

1. Systemic reform
 - Pay for performance has been miscast as a financial or programmatic reform, when in fact it is a systemic reform. It requires changing the way districts think and behave around student learning, teacher rewards, and institutional culture.
2. Done with, not to teachers
 - Collective bargaining should be embraced rather than seen as an obstacle
3. Organizationally sustainable
 - Entire organization must shift to support the initiative
4. Financially sustainable
 - The financial planning should address the cost of making the transition to the new compensation system—e.g. must anticipate what the teaching forces will be like over a period of years and use financial models to project costs
5. Broad district and community support

- Remember misinformation is more powerful than accurate communication—thus we must be vigilant in constituency-building strategies
- 6. Goes beyond politics and finances to benefit students
 - When done right it benefits students and teachers

Dr. Patrick Scheurmann, Center for Education Compensation Reform

Implementation Challenges Culled from CECR's Experience in Other Districts

1. Consistent, stable, supportive leadership at the highest levels (school board, superintendent, principals, teacher associations)
2. Time – to plan, engage stakeholders, to raise awareness, to train assessors, to construct targeted PD, to modify or create new data systems to support the program
3. Collaboration with teacher and principal unions / associations
4. Inadequate engagement with key stakeholders during planning and implementation and lack of ongoing communication between district departments (HR, budget, payroll) and those directly impacted by the plan
5. Lack of choice regarding elements of the program
6. How the program is initial framed, defined and communicated
7. Lack of high quality assessments, especially for non-tested grade and subject area teachers such as K-2, High school, special education and resource teachers
8. Unrealistic initial goals, timelines and expectations
9. Lack of plan at the outset for fiscal and programmatic sustainability
10. Inadequate professional development to support identified needs
11. Lack of alignment between performance pay plan and broader district and school goals and improvement plans
12. Small award amounts and timing of awards

Components of Quality Performance Pay Plans

1. The use of multiple, valid and reliable assessments of student learning to measure teacher, team and school effectiveness
2. An orientation towards value-added measures of teacher and school effectiveness
3. The utilization of value-added measures beyond pay determination, such as the identification of effective practice, domains for potential improvement, and assessments of professional development experiences
4. The inclusion of rewards/inducements beyond financial, such as opportunities for collaboration and teamwork, a supportive environment, mentoring, and strong consistent leadership
5. Opportunities for flexibility in approach based on contextual needs. For example, if supply is the issue, include recruitment/retention bonuses. If quality is the issue, focus on performance-based awards
6. The plan is continually appraised and refined in collaboration with key stakeholders, including union and association members
7. The performance pay system is built upon a solid base salary, and is not added on at the expense of solid base pay
8. Acknowledge the necessity of perceived and actual funding stability
9. Supported by a data system that allows for essential linkages between teacher and student databases. The data system must be able to link information between human resources, payroll, student record, and assessment domains

10. Includes a data quality plan that assures all key stakeholders that the data used to make performance award decisions are accurate, valid and reliable
11. Includes multiple levels (individual, team, school awards) and opportunities for choice (collaborate with core teacher for award or receive school-based award)
12. Framed as a school improvement process / strategic reform initiative by aligning program to core instructional goals at the school and district levels
13. Each performance goal is supported by targeted professional development
14. Ongoing training is provided for performance assessors
15. Includes ongoing communication in multiple modes, targeted to specific cycles in the program (initial overview of program, verification of test data, the payout)

Design Process

The design of the plan will occur in iterative cycles. Here we outline the process for the teacher compensation component:

1. Develop assessments of student learning in every grade and subject.

Groups of teachers will meet by content area to design pre- and post-course assessments of student learning. For about 1/3 of our teachers, these assessments will be the EOGs/EOCs. But for 2/3 of our teachers, we will need to develop them. Art teachers will work together to design a way to assess their students' progress in art. They may come up with a way to jury each others' students' work at the end of the course. The possibilities are only as limited as our imagination.

2. Create measures of teacher effectiveness based up on assessments of student learning.

Statisticians in the Accountability department will work with outside researchers to take these measures of student learning and derive measures of teacher effectiveness from them. Our goal will be to measure teacher effectiveness in a way that gives everyone an equal shot, no matter which students walk into their door on the first day of class.

3. Create other measures of teacher effectiveness.

Teacher performance is not one-dimensional. It is about more than test score improvements. One working group of teachers and curricular specialists will work to determine other measures of effectiveness. These measures could be outcomes--e.g., helping students graduate, reducing students' absences or disciplinary infractions—or inputs such as particular teaching strategies that we have identified through our Gates-funded Measuring Effective Teaching study as valid measures of teacher effectiveness.

4. Create diagnostic report cards for teachers.

Groups of teachers will work with central office staff to design reports that will promptly convey this performance data to teachers at the end of each year. We will work to create reports that are diagnostic and point towards areas of professional development. Gone are the days when teachers will just receive word of whether or not they got a bonus. Now, we will be providing the teacher data about their effectiveness with different types of children, pinpointing their strengths and targeting their less effective areas for improvement. Imagine a teacher receiving a helpful report card in which she finds that she's above average in effectiveness with her previously low-achieving students but below average with the rest of her class. Imagine her principal sitting down with her and outlining a professional development plan that will help.

5. Provide report cards to teachers before any compensation is at stake.

Before their compensation is ever based upon these measures of effectiveness, teachers will know where they stand. Teachers deserve to know their pedagogical strengths and weaknesses. Students deserve to have teachers who are shoring up their weak spots with professional development offered by the district.

6. Determine how the teacher's effectiveness will be translated into a compensation structure.

A working group comprised of teachers, principals, human resource specialists and financial staff will create models of compensation that incorporate teachers. We will ask how we can deviate from the state salary schedule and for whom. One over-riding goal is to create a system that is fiscally sustainable. It cannot depend on grant money for bonuses here and there. We will make fundamental changes to the way teachers are paid.

7. Teachers vote on new system.

As per the State, we will need a simple majority of our teachers to approve the new plan. Steps 1-6 are designed to ensure that teachers have shaped the design of a system they can support. Given these plans, we are looking to the State for stronger legislative support for our alternative compensation structure.

8. Evaluate the new system.

As with any other intervention aimed at increasing student achievement, we will evaluate our pay for performance initiative. We will judge its success by a number of outcomes, including, but not limited to:

- a. Increases in student proficiency in all subjects.
- b. Increases in student growth in all subjects.
- c. Increase in our average teacher effectiveness.
- d. Increase in the initial effectiveness of our newly hired teachers.

We will repeat steps 1-6 in waves, as we include increasing numbers of employees.

Conclusion

By 2014, all CMS employees will be paid a salary based on multiple measures of their performance. As we begin this work, we are counting on all employees to help shape the plan. Pay for Performance is about rewarding what matters most—teacher effectiveness. As we do this, we believe all CMS students will get the teachers they deserve. This will lead to increased student performance and ultimately will help our students graduate from high school ready for college and career. This is not only the right thing to do, but we believe this is also the right time to pursue this important reform effort.

Status as of June 2010

Charlotte-Mecklenburg Schools' Teacher Incentive Fund - Leadership for Educator's Advanced Performance (TIF-LEAP) Initiative is in year three of a five-year pilot program that combines recruitment and retention support with student achievement-based financial incentives at twenty of the district's highest need schools.

Funder: United States Department of Education (DOE)

Total Amount: \$11,880,197

Duration: 5 school years (2007-2008 through 2011-2012)

The pilot is providing the district the unique opportunity to gather achievement data and study effectiveness to inform the development of a district-wide, pay-for-performance model.

TIF-LEAP Program Goals:

1. Create a differentiated compensation system for teachers and principals that provides differentiated levels of pay based on student achievement gains and teacher/principal evaluations including multiple classroom observations.
2. Support the recruitment and retention of qualified teachers and principals in hard-to-staff schools and subjects.
3. Align and improve support systems to achieve these goals.
4. Increase the number of highly effective teachers and principals to levels that allow for expansion, evaluation, and sustainability of a district-wide, achievement-focused compensation system.

Participating Schools: Schools involved must meet the Absolute Priority for TIF (i.e., at least 30% or more FRL, scoring below grade level, and/or with large numbers of students who are English Language Learners or qualify for special education services.) In total, 20 high-need CMS schools are participating in the program.

Year 1	Billingsville ES, Martin Luther King Jr. MS, Sedgfield MS, Shamrock Gardens ES, Bishop Spaugh MS, Wilson MS
Year 2	Druid Hills ES, Highland Renaissance ES, J T Williams MS, Reid Park ES
Years 3-5	E E Waddell HS, Garinger HS- Business & Finance, Garinger HS- International Studies, Garinger HS- Leadership & Public Service, Garinger HS- Math & Science, Garinger HS- New Technology, West Charlotte HS, West Mecklenburg HS, Berryhill ES, and Lincoln Heights ES

Incentives:

Two financial incentives are offered in Year Three: stipend pay and performance-based bonuses.

Stipend Pay

Teachers and principals can earn stipend pay of \$115/day including benefits for participating in related professional development activities. Teachers can also earn extra compensation for assuming leadership roles and extra duties that are related to improving student achievement.

Performance-Based Bonuses

Teachers and principals can earn performance-based bonuses for reaching student academic achievement and growth goals via Student Learning Objectives (SLOs) and a district-developed growth measure. Eligibility for these payouts is contingent upon annual professional evaluations:

Principals must earn “Proficient” or above ratings on all standards of the *NC School Executive: Principal Evaluation Process*; assistant principals must earn “Effective” or above ratings on the *CMS Assistant Principal Performance Appraisal System*; and teachers must earn “At-Standard” or above on all functions of the *NC Teacher Performance Appraisal Instrument-Revised (TPAI-R) Summative Evaluation*.

Payout Structure

Position	Criteria	Amount	Total
Principals	SLO Facilitation	\$1,000 (Tier 1) \$1,500 (Tier 2) \$2,000 (Tier 3)	Up to \$4,000
	School Growth	\$500-\$2,000 (in top 40% of district)	
Assistant Principals	SLO Facilitation	\$750 (Tier 1) \$1,125 (Tier 2) \$1,500 (Tier 3)	Up to \$3,500
	School Growth	\$500-\$2,000 (in top 40% of district)	
Teachers with EOC/EOG Test(s)	SLO Attainment	\$1,400/SLO (2 required)	Up to \$5,300
	Classroom Growth	\$500-\$2,500 (in top 30% of district)	
Teachers without EOC/EOG Test(s)	SLO Attainment	\$1,400/SLO (2 required, 1 optional in lieu of Team Growth)	Up to \$4,200
	Team Growth	\$400-\$1,400 (in top 30% of district)	

Tiers:

Tier 1 = Up to 19 teachers per administrator

Tier 2 = 20-28 teachers per administrator

Tier 3 = 29 or more teachers per administrator

Student Learning Objectives (SLOs)

Through extensive data analysis, teachers identify learner-centered problems and then develop specific Student Learning Objectives to address demonstrated needs. Components considered during the SLO process include: population, learning content, interval of instruction, assessment, growth expectations, and instructional strategies. A combination of existing assessment instruments and teacher-designed tools are used to measure academic gains. Principals and Assistant Principals are responsible for facilitating the process.

Value-Added Growth Measure

A district-developed growth measure that seeks to isolate a teacher's contribution to raising his/her students' test scores is being piloted this year in TIF-LEAP schools.

To determine a teacher's value-added, the district has adopted a methodology used widely in the academic literature. While similar in spirit to other measures such as ABCs growth or EVAAS, the district measure differs by adjusting our predictions of student growth with additional factors that we deem beyond the control of the teacher. These factors can be grouped into three categories: (1) student-level characteristics, (2) classroom characteristics, and (3) school characteristics.

Once we have an estimate of a teacher's effectiveness, we calculate the teacher's percentile rank among all teachers in the district teaching the same grade and subject. If a teacher has taught more than one subject (e.g., a fifth grade teacher might have separate estimates of effectiveness for math, reading, and science), we compute an average percentile across all the subjects the teacher has taught, weighted by the number of students who have contributed to the teacher's estimate in each subject (see Sample Report in Appendix).

Then, with a single percentile rank for the teacher, we determine the bonus paid to the teacher based upon this rank. Teachers who are the primary instructor of their students in the given subject area receive a \$500 bonus if they are at the 70th percentile of all teachers in the district. The bonus schedule steps up from there; for each additional percentile point, the teacher earns an additional \$500. Bonuses are capped at \$2500 for teachers who are in the 90th-99th percentile (see Bonus Schedule in Appendix).

Teachers who are not the primary instructors of students in a given subject also have an option for receiving a bonus based on their effectiveness of raising test scores (see Bonus Structure in Appendix).

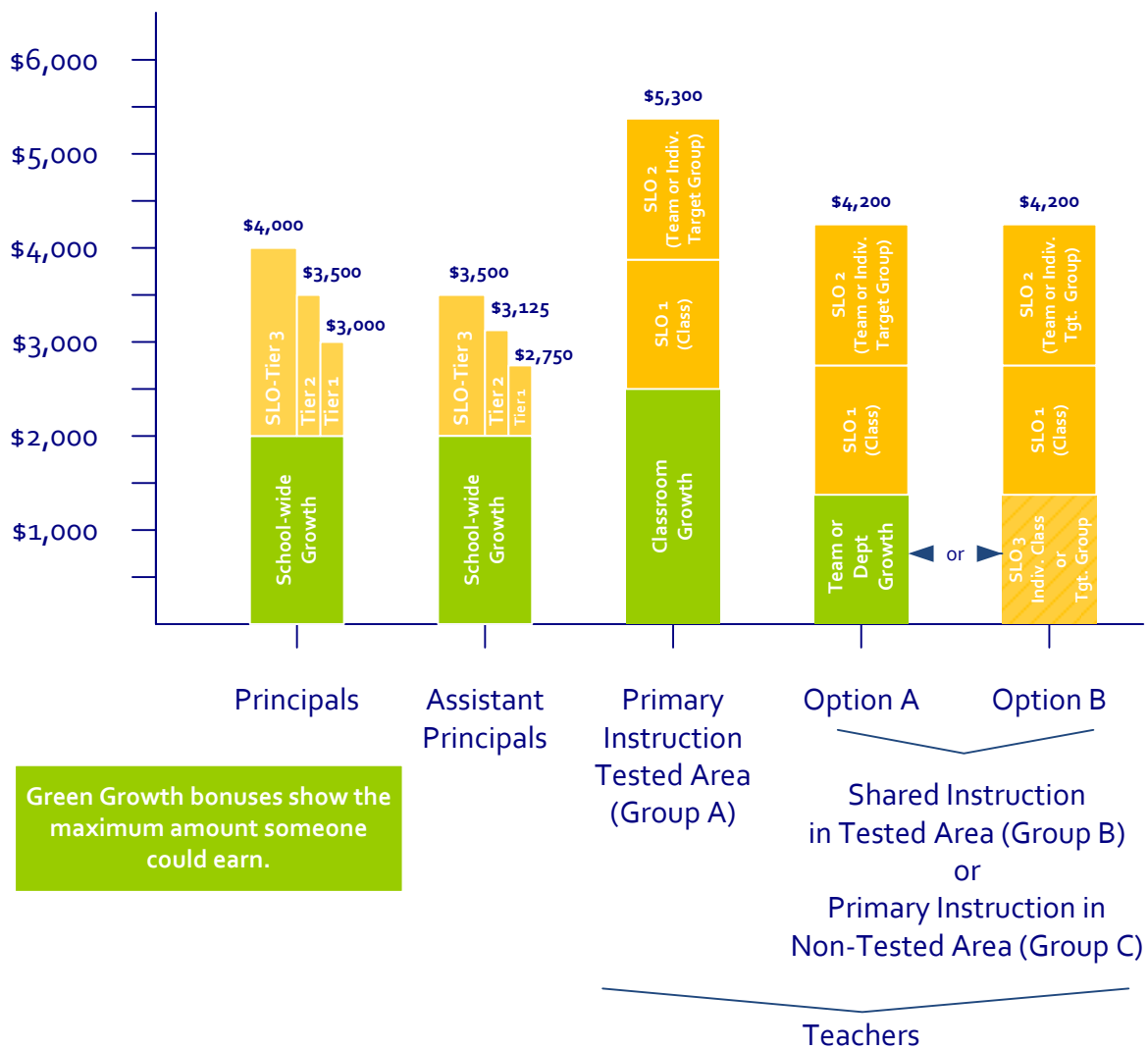
In addition to teachers, principals and assistant principals are also eligible for a bonus based on their school's effectiveness at raising test scores. Using a formula very similar to the one described above for teachers, we calculate an estimate of the school's effectiveness for each grade and subject. Then, following the same procedure describe above for teachers, we create a weighted average of the school's percentile rank for each subject. This percentile maps to a bonus schedule for principal and assistant principals. (see Bonus Schedule in Appendix).

Next Steps

At the conclusion of 2009-2010, we will distribute to TIF-LEAP teachers a report that details their percentile rank in each subject and any bonuses they have earned. The report will also diagnose the teachers' relative strengths and weaknesses with different types of students. For example, the report will highlight any differences in the teacher's effectiveness between previously low-performing and high-performing students. We expect that teachers will use this data for targeted professional development.

Based on the feedback we receive from teachers and principals this year, we expect to tweak the program for Year Five. We will continue to use student learning objectives and test-based measures of teacher effectiveness as bases for compensation, although we may change the bonus amounts associated with each. We expect that the lessons learned from TIF-LEAP will inform the shape of our plans to implement district-wide pay for performance by the year 2014. At that time, every district employee will have a substantial amount of compensation depend upon 2-3 measures of their performance.

Bonus Structure



Bonus Schedule

Example Elementary School

Teacher Effectiveness at Raising Test Scores (2007-2009)

Name	Subject	Grade	District Percentile		Teacher Bonus	Years	# of Students
			Single Subject	All Subjects			
-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-
Teacher A					\$ 2,500		
	Math	5	96	92		3	49
	Reading	5	98	92		3	47
	Science	5	59	92		1	14
Teacher B					\$ -		
	Math	4	78	52		3	47
	Reading	4	27	52		3	48

Notes:

Col. -4- Teacher's effectiveness relative to other CMS teachers in the district teaching that grade/subject with similar students.

Example: A percentile of 70 means that 30% of the teachers in the district
teaching that grade and subject with similar students performed better.

Col -5- All Subjects is the average of the teacher's district percentiles across all subjects/grades taught.

The average is weighted by the number of students contributing to the teacher's effectiveness estimate.

Col -6- Total bonus teacher would have qualified for in 2009. It is not per-subject.

Col -7- The number of years of data from a teacher that contributes to the teacher's effectiveness estimate.

Col -8- Number of students used to calculate the teacher's effectiveness estimate.

Prepared by Andy Baxter, Office of Accountability. Feel free to contact him at andrew.baxter@cms.k12.nc.us or 980-343-1603

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Sample Teacher Report

Example Elementary School

Teacher Effectiveness at Raising Test Scores (2007-2009)

Name -1-	Subject -2-	Grade -3-	District Percentile		Teacher Bonus -6-	Years -7-	# of Students -8-
			Single Subject -4-	All Subjects -5-			
Teacher A					\$ 2,500		
	Math	5	96	92		3	49
	Reading	5	98	92		3	47
	Science	5	59	92		1	14
Teacher B					\$ -		
	Math	4	78	52		3	47
	Reading	4	27	52		3	48

Notes:

Col. -4- Teacher's effectiveness relative to other CMS teachers in the district teaching that grade/subject with similar students.

Example: A percentile of 70 means that 30% of the teachers in the district teaching that grade and subject with similar students performed better.

Col -5- All Subjects is the average of the teacher's district percentiles across all subjects/grades taught.

The average is weighted by the number of students contributing to the teacher's effectiveness estimate.

Col -6- Total bonus teacher would have qualified for in 2009. It is not per-subject.

Col -7- The number of years of data from a teacher that contributes to the teacher's effectiveness estimate.

Col -8- Number of students used to calculate the teacher's effectiveness estimate.

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